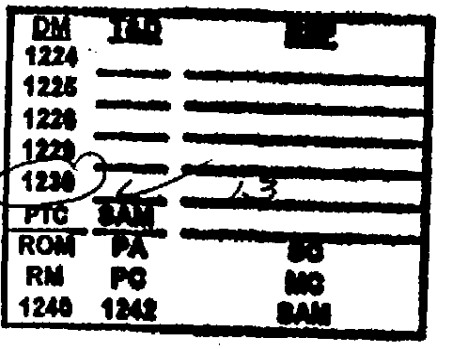
R J Reynolds

Tobacco Company



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FSC-94-B

May 31, 1995

MEMORANDUM TO: ALL REGION SALES MANAGERS AND DIVISION MANAGERS
(Sent U. S. Mail to Division Managers)

SUBJECT: NEW WAL★MART PARTNERSHIP, CARTON MODULAR POG IMPLEMENTATION, PROMOTION PLAN

We have reached an agreement with Wal★Mart, Inc. under the "Partners" Program which will have a significant impact upon our business. All Wal★Mart Divisions are affected, Wal★Mart Discount, Wal★Mart Supercenters, Bud's Warehouse Outlets. In the next week, you will receive a comprehensive Wal★Mart package with instructions from CAM Marty Washburn. The purpose of this letter is to provide an overview of the agreement/changes as advance notice so that you can plan/schedule the implementation in your stores.

Implementation of the new agreement is two-pronged:

① Regain adequate carton merchandising capacity and distribution of RJR brands

② Secure a promotional platform and implement a promotion calendar

CARTON MERCHANDISING

You will receive new carton modular POGs that reallocate space in all Wal★Mart discount stores. RJR's position will move generally to the six high fourth and fifth shelves, with share-of-capacity varying from 30% to 36%. A store list with fixture size and appropriate modular POGs, as well as copies of all new Wal★Mart modular POGs will be enclosed in the Wal★Mart package.

The stores are being advised via satellite Tuesday, May 23, 1995, on the new sets with a hard copy of the modular POGs available at store level on Tuesday, May 30, 1995.

The stores will be advised they have primary responsibility for re-setting the modular to the new plan. However, it is to our advantage to assist them in completing the re-set as quickly as possible for maximum impact on our business.

51855 1427

"We work for smokers."

Source: https://www.industrydocuments.ucsf.edu/docs/gzhn0000

In order to put your implementation plan together, please read and refer to the advanced copy of the implementation guidelines/overview (attached) which will provide an organized approach to ensure consistency and minimize confusion.

Our target date for completion in all stores is 7-15-95.

PROMOTION PLATFORM

The second point of emphasis is the promotion vehicle. Beginning 8/1/95, a new combination single pack/promotion unit will replace the existing Philip Morris single pack fixture in all discount stores. Supercenters will keep the PM shoparound, in addition they will receive the new promotion/pack fixture. This unit will accommodate all RJR promotions, carton and pack. You will receive the pack modular POG and promotion plan in your Wal★Mart package.

With Wal★Mart's current merchandising plan, we have been significantly disadvantaged, our business has tanked over the past year, and with each day we lose more business. With our "Partners" Program and these changes, we have an opportunity to regain lost business, but we need to do it quickly, thus, this project is a top priority. I realize some older stores might have a small merchandising set and, from your perspective, might not be that important relative to your market, but I'm asking you to put on your "Corporate Hat," McLane/ Wal★Mart/Sam's is our largest customer.

Finally, in thinking about the future, we need to re-evaluate and upgrade our call frequency and coverage of Wal★Mart and Sam's immediately. They are a significant player in the marketplace. In addition, going forward, we need to ensure we are executing our Full Price Gap Strategy and our Savings Ceiling Strategy in all stores. We truly have an opportunity to better reach and satisfy our smokers in these stores. I look forward to seeing our business improve quickly.

Thank you in advance for your assistance with this important customer. If you have questions or encounter any problems regarding implementation procedures, contact CAM Marty Washburn at 1-800-432-7578.

Jim

Jim Maguire

JVM/kp

Attachment

cc/attachment: Area Vice Presidents
L. S. Schreiber

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Source: https://www.industrydocuments.ucsf.edu/docs/gzhn0000